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REGIONAL PRIORITIES AND PROGRAMMES: ASIA AND THE PACIFIC

Special Programme for the Industrial Development of Asia and the Pacific

Report by the Director-General

Summary

Provides information on aspects of the Special Programme highlighted by the General Conference, including intercountry cooperation, the focus on the least developed countries in the region and funds mobilization.

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Introduction

1. At its fifth session, in resolution GC.5/Res.14, the General Conference addressed a number of requests to the Director-General related to the implementation of the Special Programme for the Industrial Development of Asia and the Pacific. It also requested the Director-General to report on the subject, through the Industrial Development Board, to the Conference at its sixth session. The report of the Director-General (GC.6/13-IDB.14/18, dated 23 May 1995) was submitted to the Board at its fourteenth session. The Board took note of that report.

2. The present document revises slightly the report contained in document GC.6/13-IDB.14/18 to include developments that have taken place since May 1995. It should be considered in conjunction with the Annual Report of UNIDO 1994 (IDB.14/10, chap. III.D), which provides a general overview of current trends in manufacturing as well as information on UNIDO activities in the region.

I. ENHANCEMENT OF INTERCOUNTRY COOPERATION

(GC.5/Res.14, para. 2 (a))

3. UNIDO has been associated with the implementation of the United Nations Development Programme (UNDP) intercountry programme and participated in the recently concluded regional development cooperation in Asia and the Pacific meeting held at Kuala Lumpur, Malaysia, at which a mid-term review of the fifth intercountry programme (ICP5) was undertaken and connected development issues of the region were discussed. UNIDO's association with ICP5 has been as the implementing agency of the pesticide production and information and the biotechnology and biodiversity subprogramme of the regional programme on farmer-centred agricultural resource management (FARM).

4. In the implementation of the FARM biotechnology and biodiversity subprogramme, UNIDO's efforts are concentrated on the establishment of an Asian bioinformatics network and on assessments of potential new biotechnologies to contribute to the characterization and conservation of biodiversity in farming communities.

5. Regional projects approved in 1993-1994 included the following: a programme for small enterprise development for the Pacific region, a programme for the containment of environmental degradation emanating from tannery effluents, energy-saving technologies in ceramic and cement industries, a seminar for new technologies for environmental protection in the sugarcane industry, environmental protection in chemical industries consistent with the recommendations of Agenda 21.

6. The programme for the containment of environmental degradation was further strengthened by successfully negotiating the programme with a special-purpose donor. This will enable the establishment of a tannery sludge handling facility and pollution control and leather testing laboratories at Samut Prakarn, Thailand. A similar large-scale project, aimed at containing environmental deterioration by tannery waste through improvement of technical skills and regulatory measures, is being developed in Kasur, Pakistan. The project is part of the Kasur Environmental Improvement Programme of the local Government and is planned to be implemented with contributions from the Government, the private sector and the United Nations Development Programme.

II. FOCUS ON SPECIAL NEEDS OF LDCS

(GC.5/Res.14, para. 2 (a))

7. The Annual Report of UNIDO 1994 describes the subsector focus of the Special Programme on agro-related metal-working industries of the least developed countries (LDCs) in the region (IDB.14/10, chap. III.D, para. 41). Arrangements for financing of the first and second phases of the joint project with the Regional Network for Agricultural Machinery (RNAM) of the Economic and Social Commission for Asia and the Pacific (ESCAP) are also covered in that report. Gender issues are emphasized in the second project phase. Implementation of two components out of a total of six in the project (i.e. continued strengthening of national focal point linkages through existing network mechanisms and the promotion and development of commercial machinery prototypes) is scheduled for completion by the end of 1995. Additional resources from special-purpose contributions to the Industrial Development Fund (IDF) are being sought to further elaborate the programme.

8. In view of the diversity and complexity of the constraints and limitations of resources for regional activities, a comprehensive regional thematic programme, although desirable, is not likely to be cost-effective for the time being. However, the constraints identified will be addressed in a selected manner through regional and country-specific interventions providing direct support to existing and planned programmes and projects in the countries concerned. The objective is to promote rural development in the LDCs of the region through indigenous processing of agricultural and particularly food products, thus providing an economically viable dimension to national efforts to develop cottage, small- and medium-scale industries.

9. The group of LDCs in the Asia and Pacific region includes a wide variety of countries, ranging from Bangladesh with a population of 110 million to Tuvalu with only 9,000 inhabitants. The industrial base in the countries studied varies from fairly diversified and sophisticated R and D and manufacturing activities in Bangladesh and Myanmar to simple cottage-level production in the Lao People's Democratic Republic and the Pacific Island countries. However, there is a perceived urgent need for more diversified economic activity in food processing in each country and a number of constraints have been revealed that can be seen as common to most of them. These include:

(a) Inadequate policies with weak links between agricultural and industrial policies;

(b) Limited supply and inconsistent quality of raw materials;

(c) Lack of development capital;

(d) Limited domestic markets;

(e) High operational costs and distances from major international markets;

(f) Low level of human resources at managerial, entrepreneurial and skill levels;

(g) Insufficient knowledge of packaging technology;

(h) Poor food security systems and quality control facilities;

(i) Lack of support and applied R and D services and extension facilities, coupled with weak links of existing services with enterprises; and

(j) Particular limitations related to the access of women to raw materials, credit, technology, education and training.

10. UNIDO is endeavouring to adopt a strategy to reach the target groups through a synergy of activities supplementing ongoing and planned development programmes and projects with specific interventions. A detailed description of country-level plans, including the intermediaries identified in each, is available from the Secretariat.

11. The proposed UNIDO responses and institutional arrangements will mostly consist of services to be mobilized at the country level in support of specific national programmes. However, the following three regional support projects have already been formulated or are being implemented with UNIDO resources and further regional activities will be pursued in close cooperation with ESCAP and other relevant organizations:

(a) Application of mushroom biotechnology and bioconversion technologies for sustainable small industries development: The project has a particular emphasis on the LDCs of the region to promote and develop food-processing industries and create a global, international bio-informatics network of resource centres in support of mushroom and related biotechnology industries, self-sustaining quality control, and training centres in bioconversion technologies;

(b) Training programme on quality management in the food industry in LDCs: Following analysis and programme formulation on food-processing industries in Asia and Pacific LDCs under the Special Programme, the issue of limited capabilities in testing and quality control of food and processed foods has emerged as one of the key problems facing this industry. Group training held at the Asian Institute of Technology from 14 August to 2 September 1995 would address this issue;

(c) Workshop on promotion awareness and opportunities for appropriate biotechnologies in small-scale agricultural and industrial development (Manila, Philippines, November 1995): A programme has been launched to increase awareness and opportunities for the integration of new biotechnologies with indigenous knowledge through a partnership initiative with the non-governmental organization (NGO) network dealing with appropriate technology promotion in the region. Members of the NGO network will be introduced to various UNIDO biotechnology resources, especially UNIDO-promoted biotechnology networks in the region, and briefed on the benefits and risks of biotechnology. Access to resources and databases will be demonstrated and promoted. Possible joint technical cooperation projects will be identified as a follow-up.

III. FUNDS MOBILIZATION
(GC.5/Res.14, para. 2 (b))

12. A substantial portion of programmes approved during 1993-1994 under UNIDO-managed resources was for regional and subregional projects (see paras. 5 and 11 above). Regular Programme of Technical Cooperation funds of about $0.70 million and $1.64 million from IDF were devoted to regional programmes during the period. This did not include trust fund projects amounting to $0.57 million approved during the same period.

13. Paragraphs 3 and 4 above provide details on the involvement of UNIDO in the intercountry and other

UNDP programmes. However, most of the projects proposed for financing under the UNDP intercountry programme for 1992-1996 did not materialize due to resource constraints.

IV. INTEGRATION WITH OTHER UNIDO PROGRAMMES, INCLUDING INVESTMENT PROMOTION

(GC.5/Res.14, para. 2 (d))

14. Special attention was given to gender issues in the form of regional-level identification of patterns, trends and issues affecting women's participation in economic and industrial fields. The output of this project was presented at the Fourth World Conference for Women in September 1995 in Beijing, China and will be utilized for follow-up activities. In addition, in an October 1994 expert group meeting, private enterprises, women's organizations and Governments of the region were provided with information on current and potential sustainable economic development in selected industrial subsectors of the region. As mentioned in paragraph 7 above, emphasis will be placed on gender issues in the project on agro-related metalworking industries.

15. For the promotion of direct investment and technology transfer, particularly in the field of machine tools, a pilot programme with a strong element of economic cooperation among development countries (ECDC) was launched. Also approved in 1993-1994 were the seminars on technology management and industrial development, workshops for the telecommunication software and equipment industry, group training in supplies and stock management of railway spare parts, a workshop on modern technologies for water and wastewater treatment, and upgrading the knowledge of government officials and industrial plant technicians on the rational use of energy-saving technologies in food-processing and plastics industries.

16. Keeping in view the outward-looking, export-led idustrialization policies of most countries of the region on the one hand, and on the other the globalization of the world economy and the consequent importance of quality improvement in an extremely competitive environment, a special need arises to institute improved quality control and standardization, in particular to apply ISO 9000 and ISO 14000. Consequently, programmes were developed by UNIDO to create the necessary awareness at the level of policy makers and Governments.

17. A new programme for enterprise-level diagnostic work with regard to the implementation of standard and total quality management has been launched in the region. The project is built around the recognition that competitive manufacturing in international markets is impossible without standardization and total quality management. The programme is aimed at sharing the experience of Japan with managers from Government and private industry in the Association of South-East Asian Nations countries. It is expected that the programme will be extended to the less developed countries of the region with TCDC (technical co-operation among developing countries) concepts.

18. In order to respond to and support investment promotion efforts by a number of Governments in the region, assistance has been provided in formulation and implementation of programmes consisting of project identification, appraisal and promotion and of preparation of investors' guides. National capabilities in investment promotion have been strengthened by the training of counterpart staff at Investment Promotion Service offices or in specific group training programmes. Support has also been extended to setting up or strengthening national investment promotion offices.

V. REGIONAL MEETING ON UNIDO ACTIVITIES

(GC.5/Res.14, para. 2 (f))

19. In pursuance of General Conference resolution GC.5/Res.14, and in order to formulate a perspective for competitive industrial development in the region within the context of evolving global developments, a regional meeting of Ministers of Industry of Asia and the Pacific is to be held at New Delhi, India, from 19 to 20 October 1995. The meeting is being organized in close cooperation with ESCAP. It will review salient challenges related to the intensifying competition in world and regional markets and will focus on five key subjects: competitivity challenges at macro level; competitivity challenges at enterprise level; ecologically sustainable industrial development; special problems of the LDCs in the region; and the UNIDO regional programme for Asia and the Pacific.

VI. ACTION REQUIRED OF THE CONFERENCE

20. The Conference may wish to take note of the information provided in the present report.